

VILLAGE OF BANCROFT
FINANCIAL STATEMENTS
FEBRUARY 29, 2004

AUDITING PROCEDURES REPORT

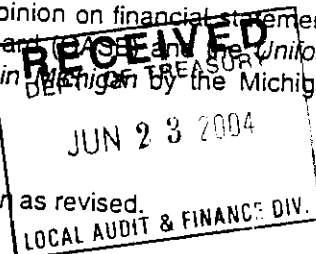
Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Village of Bancroft		County Shiawassee
Audit Date 2-29-04	Opinion Date	Date Accountant Report Submitted to State:		

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.



We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Demis and Wenzlick, P.C.			
Street Address 217 N. Washington, Suite 201	City Owosso	State MI	ZIP 48867
Accountant Signature			

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DEMIS and WENZLICK, P.C.

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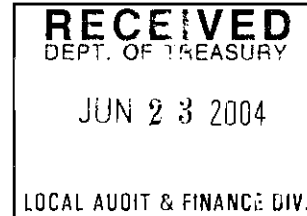
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May 26, 2004

Members of the Village Council
Village of Bancroft
Shiawassee County, Michigan



In compliance with the provisions of Section 11, Paragraph 2, of Act 2, Public Acts of 1968, we wish to render our report of comments and recommendations which were formulated as a result of the examination our firm performed on the financial statements of the Village of Bancroft for the year then ended February 29, 2004.

BUDGET

The Michigan Public Act 621 of 1978, includes compliance requirements in budgeting. Total expenditures cannot exceed total budgeted revenues plus beginning fund balance. Expenditures should be reviewed periodically and the budget amended before incurring any expense which would exceed the budgeted amount.

GASB 34

The Government Accounting Standard Board issued Statement #34. This statement significantly changes governmental financial reporting. It requires reporting of infrastructure, including related depreciation and it requires management discussion and analysis of the government's financial condition. The effective date of this statement is December 31, 2004 for the Village of Bancroft.

The State of Michigan has indicated it will not enforce compliance with GASB 34. We will, at a later time, itemize both the advantages and disadvantages of to the Village of Bancroft compliance with this statement.

We wish to thank the council for the excellent cooperation we received in performing the Village audit. If we can be of any further assistance to the Village on these matters or any future matters, please do not hesitate to contact us.

Sincerely yours,

Demis and Wenzlick, P.C.

Certified Public Accountants

VILLAGE OF BANCROFT
COMBINED BALANCE SHEET - ALL FUNDS AND ACCOUNT GROUPS
FEBRUARY 29, 2004

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>INTERNAL SERVICE</u>	<u>ENTERPRISE</u>	<u>GENERAL FIXED ASSETS</u>
ASSETS:					
Cash	\$191,678	\$95,590	\$ 99,147	\$163,240	\$
Prepaid Exp.	6,627		998	319	
Accts. Rec.	920				
Due from Other Funds	929	233		233	
Fixed Assets (Net of Accum Depr).			42,406	97,323	98,577
Construction in Progress				<u>575,225</u>	
	<u>\$200,154</u>	<u>\$95,823</u>	<u>\$142,551</u>	<u>\$836,340</u>	<u>\$98,577</u>
LIABILITIES:					
Accts. Payable	\$ 3,182	\$	\$	\$ 624	\$
Due to Other Funds	467	12	760	157	
Long-Term Debt				<u>585,000</u>	
	<u>\$ 3,649</u>	<u>\$ 12</u>	<u>\$ 760</u>	<u>\$585,781</u>	<u>\$ -0-</u>
FUND EQUITY:					
Investment in General Fixed Assets	\$	\$	\$	\$	\$98,577
Retained Earnings			141,791	250,559	
Fund Balance	<u>196,505</u>	<u>95,811</u>	<u>142,551</u>	<u>836,340</u>	<u>98,577</u>
	<u>\$200,154</u>	<u>\$95,823</u>	<u>\$142,551</u>	<u>\$836,340</u>	<u>\$98,577</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF BANCROFT
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL TYPES
YEAR ENDED FEBRUARY 29, 2004

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>
REVENUES:		
Property Taxes	\$ 80,881	\$
Tax Admin. Fee	808	
State Shared Revenues	82,680	56,046
Franchise Fees	2,480	
Interest & Dividends	1,293	725
Licenses & Permits	1,052	
Fines	2,091	
Hall Rental	2,125	
Miscellaneous	<u>1,053</u>	
TOTAL REVENUES	\$174,463	\$ <u>56,771</u>
EXPENDITURES:		
Village Council	\$ 3,240	\$
Elections	127	
Clerk	5,472	
Treasurer	4,538	
Halls	6,323	
Police	29,475	
Parks/Recreation	6,903	
Village Properties	72,441	
Zoning	132	
General Administrative	72,343	
Streets		<u>40,719</u>
TOTAL EXPENDITURES	\$200,994	\$ <u>40,719</u>
EXCESS OF REVENUES OVER EXPENDITURES (EXPENDITURES OVER REVENUES)	\$ 26,531	\$ 16,052
OTHER FINANCING SOURCES (USES):		
Transfer In	\$ 7,000	\$ 81,775
Transfers Out	<u>(71,067)</u>	<u>(17,708)</u>
TOTAL OTHER FINANCING SOURCES (USES)	\$ <u>(64,067)</u>	\$ <u>64,067</u>
EXCESS REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (90,598)	\$ 80,119
Fund Balance March 1, 2003	<u>287,103</u>	<u>15,692</u>
FUND BALANCE FEBRUARY 29, 2004	<u>\$196,505</u>	\$ <u>95,811</u>

The accompanying notes are an integral
part of the financial statements.

VILLAGE OF BANCROFT
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
YEAR ENDED FEBRUARY 29, 2004

	<u>GENERAL FUND</u>			<u>SPECIAL REVENUE FUND</u>		
	<u>BUDGET</u>	<u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>
REVENUES:						
Property Taxes	\$ 88,950	\$ 80,881	\$ 8,069	\$	\$	\$
Tax Admin. Fee	890	808	82			
State Shared Rev.	77,000	82,680	(5,680)	53,500	56,046	(2,546)
Fines	1,500	2,091	(591)			
Franchise Fee	1,700	2,480	(780)			
Int. & Div.	2,400	1,293	1,107	2,200	725	1,475
License & Permits	1,200	1,052	148			
Hall Rental	3,000	2,125	875			
Misc. Income	943	1,053	(110)			
TOTAL REVENUES	<u>\$177,583</u>	<u>\$174,463</u>	<u>\$ 3,120</u>	<u>\$ 55,700</u>	<u>\$56,771</u>	<u>\$ (1,071)</u>
EXPENDITURES:						
Village Council	\$ 3,280	\$ 3,240	\$ 40	\$	\$	\$
Elections	600	127	473			
Clerk	4,370	5,472	(1,102)			
Treasurer	5,080	4,538	542			
Halls	7,840	6,323	1,517			
Police	36,723	29,475	7,248			
Parks/Recreation	7,046	6,903	143			
Village Propert.	74,892	72,441	2,451			
Zoning	200	132	68			
General Admin.	253,724	72,343	181,381			
Streets				<u>135,382</u>	<u>40,719</u>	<u>94,663</u>
TOTAL EXPEND.	<u>\$393,755</u>	<u>\$200,994</u>	<u>\$192,761</u>	<u>\$135,382</u>	<u>\$40,719</u>	<u>\$ 94,663</u>
EXCESS OF REVENUES OVER EXPEND. (EXPEND. OVER REVENUES)	\$ (216,172)	\$ (26,531)	\$189,641	\$ (79,682)	\$16,052	\$ 95,734
OTHER FINANCING SOURCES:						
Transfers In	\$ 7,000	\$ 7,000	\$	\$ 10,125	\$81,775	\$ 71,650
Transfers Out		(71,067)	(71,067)	(17,125)	(17,708)	(583)
TOTAL OTHER FIN. SOURCES (USES)	<u>\$ 7,000</u>	<u>\$ (64,067)</u>	<u>\$ (71,067)</u>	<u>\$ (7,000)</u>	<u>\$64,067</u>	<u>\$ 71,067</u>
EXCESS OF REV. & OTHER SOURCES OVER (UNDER) EXPEN. & OTHER USES	<u>\$ (209,172)</u>	<u>\$ (90,598)</u>	<u>\$118,574</u>	<u>\$ (86,682)</u>	<u>\$80,119</u>	<u>\$166,801</u>
Fund Balance March 1, 2003		<u>287,103</u>			<u>15,692</u>	
FUND BALANCE FEB. 29, 2004		<u>\$196,505</u>			<u>\$95,811</u>	

The accompanying notes are an integral
part of the financial statements.

VILLAGE OF BANCROFT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN RETAINED EARNINGS
 ALL PROPRIETARY FUND TYPES
 YEAR ENDED FEBRUARY 29, 2004

	<u>PROPRIETARY FUND TYPES</u>	
	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>
OPERATING REVENUES:		
Charges for Services	\$ 66,350	\$ 45,333
Interest Income	1,352	795
Hydrant Rent & Misc.	<u>6,153</u>	
	\$ 73,855	\$ 46,128
OPERATING EXPENSES:		
Salaries	\$ 14,961	\$ 3,682
Gas & Oil		3,480
Operating Supplies	2,145	1,978
Repairs & Maintenance	113	5,444
Equipment Rental	6,212	
Contracted Service	9,738	
Utilities & Telephone	3,763	
Audit & Legal	2,800	245
Interest Expense	27,837	150
Depreciation	9,593	13,372
Insurance	1,090	1,626
Miscellaneous	2,105	1,287
Lab Fees	<u>1,310</u>	
TOTAL EXPENSES	\$ <u>81,667</u>	\$ <u>31,264</u>
Operating Income (Loss)	\$ (7,812)	\$ 14,864
OTHER FINANCING SOURCES:		
Transfer In	\$ 30,000	\$
Transfers Out	<u>(30,000)</u>	
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENSES	\$ (7,812)	\$ 14,864
Retained Earnings March 1, 2003	<u>258,371</u>	<u>126,927</u>
RETAINED EARNINGS FEBRUARY 29, 2004	\$ <u>250,559</u>	\$ <u>141,791</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF BANCROFT
STATEMENT OF CASH FLOW
ALL PROPRIETARY FUNDS
YEAR ENDED FEBRUARY 29, 2004

PROPRIETARY FUND TYPES

	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)	\$ (7,812)	\$ 14,864
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	9,593	13,372
Increase (Decrease) in Accts. Pay.	332	(8,161)
(Increase) Decrease in Due to/from Other Funds	543	(85)
(Increase) Decrease in Prepaid Exp.	<u>(76)</u>	<u>1,081</u>
	\$ 2,580	\$ 21,071
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase (Decrease) in Bonds Payable	\$ 4,000	\$
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	<u>(38,952)</u>	<u>(31,418)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (32,372)	\$ (10,347)
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	<u>195,612</u>	<u>109,494</u>
CASH AND CASH EQUIVALENTS END OF YEAR	<u>\$163,240</u>	<u>\$ 99,147</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid During the Year for:		
Interest	\$ <u>27,837</u>	\$ <u>150</u>

DISCLOSURE OF ACCOUNTING POLICY:

For purposes of the Statement of Cash Flows, the Village considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

The accompanying notes are an integral part of the financial statements.

VILLAGE OF BANCROFT
ENTERPRISE FUND
DEBT SERVICE CHARGES TO MATURITY
ON BONDED INDEBTEDNESS
FEBRUARY 29, 2004

<u>YEAR ENDED</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>DEBT SERVICE CHARGES</u>
2004	\$ 6,000	\$ 27,788	\$ 33,788
2005	6,000	27,503	33,503
2006	6,000	27,218	33,218
2007	7,000	26,933	33,933
2008	7,000	26,600	33,600
2009 and Thereafter	<u>553,000</u>	<u>538,175</u>	<u>1,091,175</u>
	<u>\$585,000</u>	<u>\$674,217</u>	<u>\$1,259,217</u>

The accompanying notes are an integral
part of the financial statements.

VILLAGE OF BANCROFT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED FEBRUARY 29, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The accounting policies of the Village of Bancroft conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

FUND ACCOUNTING

The accounting of the Village are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that compile its assets, liabilities, fund equity, revenues, and expenditures, or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into generic fund types and broad fund categories as follows:

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

PROPRIETARY FUNDS

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

USE OF ESTIMATES

Management uses estimates and assumptions in preparing financial statements. These statements and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

VILLAGE OF BANCROFT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 29, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FIXED ASSETS

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current asset and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to be present a summary of sources and uses of "available spendable resources" during period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Asset Group, rather than in governmental funds. Public Domain ("infrastructure") general fixed assets consisting of certain improvements including buildings, but other than roads, bridges, curbs, and gutters, streets, sidewalks, drainage systems, lighting systems are capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

This account group is not a fund. It is concerned only with the measurements of financial position. It is not involved with measurement or results of operations.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to excluded amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (Net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

VILLAGE OF BANCROFT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 29, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FIXED ASSETS (CONTINUED)

Depreciation of all exhaustible fixed assets used by proprietary funds is shared as an expense against their operation. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives used are as follows:

Infrastructure (Enterprise Funds)	39-50 Years
Equipment	5-20 Years

BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds and Expendable Trust Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts and sales taxes are considered "measurable" when in the hands of intermediary collecting government and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception of this general rule is accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued.

All proprietary funds are accounted for using the accrual basis method of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

BUDGETS AND BUDGETARY ACCOUNTING

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the beginning of the fiscal year, the clerk submits to the Village Council a proposed operation budget for the fiscal year commencing the following March 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted in the Village to obtain taxpayer comments.
3. Prior to March 1, the budget is legally enacted through passage of an ordinance.

VILLAGE OF BANCROFT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 29, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BUDGETS AND BUDGETARY ACCOUNTING

4. The clerk is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Village Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds and Enterprise Funds.
6. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

CASH AND INVESTMENTS

Investments are stated at cost or amortized cost, which approximate market. Cash includes amounts in demand deposits.

SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

Short-term interfund loans are classified as "due from other funds" or "due to other funds" on the balance sheets. Transactions occurring between individual funds for goods provided or services rendered are also classified as "due to other funds" or "due from other funds" on the balance sheet.

ENCUMBRANCES

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting-under which purchase orders, contracts, or other commitments for the expenditures of resources are recorded to reserve that portion of the applicable appropriation-is utilized in the government fund types. Encumbrances outstanding at year end are reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. There are no significant encumbrances at year end.

COMPENSATED ABSENCES

No liability is accrued at February 29, 2004, as it is less than on year's liability.

LONG-TERM OBLIGATIONS

The portion of long-term debt expected to be financed from expendable available financial resources is recognized as a liability of a governmental fund when due. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities are expected to be financed from proprietary fund operations are accounted for in those funds.

VILLAGE OF BANCROFT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 29, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY TAXES

Property taxes attach an enforceable lien on property by the county. Taxes are levied on June 30, and payable on October 30. The Village bills and collects its own property taxes. Property tax revenues are recognized when levied to the extent that they result in current receivables. The Village is permitted by the Municipal Finance Law of the State to levy taxes up to 15 mills total. The Village Council has allocated 10.884 for governmental services.

NOTE B - REPORTING ENTITY

For financial reporting purposes, in conformance with NCGA Statement No. 3, Defining the Governmental Reporting Entity, the Village of Bancroft includes all funds, account groups, agencies, boards, commissions, and authorities that are controlled by or dependent on the Village's executive or legislative branches (the Village Mayor or the Council, respectively). Control by or dependence on the taxing authority, outstanding debt secured by revenues or general obligations of the Village to finance any deficits that may occur or receipt of significant subsidies from the Village.

Based on the foregoing criteria, there are no entities included in the Village's annual report.

NOTE C - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	2-29-03			2-29-04
	<u>BALANCES</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>BALANCES</u>
General Fixed Assets	<u>\$76,910</u>	<u>\$21,667</u>	<u>\$ -0-</u>	<u>\$98,577</u>

VILLAGE OF BANCROFT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 29, 2004

NOTE D - WATER FUND OBLIGATIONS

On December 5, 2000, the Village of Bancroft financed bonds payable and generated additional funding for the construction of its Water system. These bonds mature on November 1, of each year and are payable with interest at 4.75% per annum.

The maturities on the bonds are as follows:

<u>YEAR ENDED</u>	<u>PRINCIPAL AMOUNT DUE</u>
2004	\$ 6,000
2005	6,000
2006	6,000
2007	7,000
2008	7,000
2009 and thereafter	<u>553,000</u>
	<u>\$585,000</u>

NOTE E - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

P.A. 621 of 1978, Section 18 (1), as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated.

In the body of the financial statements, the Village's actual expenditures and budgeted expenditures for the budgetary funds have been shown on an activity basis. The approved budgets of the Village for the budgetary funds were adopted to the line item level.

During the year ended February 29, 2004, the Village did incur expenditures in excess of the amounts appropriated, as follows:

	<u>APPROPRIATED</u>	<u>ACTUAL</u>	<u>ACTUAL OVER APPROPRIATED</u>
General Fund:			
Parks/Recreation-Utilities	\$ 200	\$ 218	\$ 18
Clerk-New Equipment	388	2,117	1,729
Village Properties-Utilities	12,749	13,144	395
Village Properties-Supplies	2,070	2,243	173
Payroll Taxes	6,000	6,185	185
Health Insurance	2,700	2,801	101
Legal & Accounting	5,609	5,710	101
Transfers Out	-0-	71,067	71,067
Major Street Fund:			
Transfers Out	10,125	10,708	583

VILLAGE OF BANCROFT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 29, 2004

NOTE E - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS
(CONTINUED)

	<u>APPROPRIATED</u>	<u>ACTUAL</u>	<u>ACTUAL OVER APPROPRIATED</u>
Equipment Fund:			
Operating Supplies	\$ 1,876	\$ 1,978	\$ 102
Depreciation	-0-	13,372	13,372
Interest	-0-	150	150
Water Fund:			
Contracted Services	-0-	9,738	9,738
Audit & Legal	2,769	2,800	31
Insurance	760	1,090	330
Depreciation	-0-	9,593	9,593

NOTE F - CASH AND CERTIFICATES OF DEPOSIT

The Village's deposits at February 29, 2004, consisted of cash at one financial institution:

<u>INSTITUTION</u>	<u>AMOUNT</u>	<u>FDIC INSURED</u>	<u>UNINSURED</u>
Demand Deposits	\$549,655	\$100,000	\$449,655
TOTALS	<u>\$549,655</u>	<u>\$100,000</u>	<u>\$449,655</u>

NOTE G - INTERFUND RECEIVABLES AND PAYABLES

At February 29, 2004, the individual interfund receivables and payables were:

	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
General Fund	\$ 929	\$ 467
Major Streets	153	12
Local Streets	80	
Equipment		760
Water Operations	234	157

NOTE H - SUBSEQUENT EVENTS

The Village borrowed money from the Rural Development Authority for the construction of a water tower. Construction has been temporarily halted pending approval of additional loans from the Rural Development Authority. This approval is expected.

FINANCIAL STATEMENTS
OF
INDIVIDUAL FUNDS

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

VILLAGE OF BANCROFT
GENERAL FUND
BALANCE SHEETS
FEBRUARY 29, 2004

ASSETS

	<u>2004</u>
Cash in Bank	\$191,678
Prepaid Expenses	6,627
Due from Other Funds	929
Accounts Receivable	<u>920</u>
	<u>\$200,154</u>

LIABILITIES AND FUND BALANCE

Accounts Payable	\$ 3,182
Due to Other Funds	<u>467</u>
	\$ 3,649
 Fund Equity - Unreserved	 <u>196,505</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u>\$200,154</u>

The accompanying notes are an integral
part of the financial statements.

VILLAGE OF BANCROFT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED FEBRUARY 29, 2004

	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>
REVENUES:			
Current Property Taxes	\$ 88,950	\$ 80,881	\$ 8,069
Tax Admin. Fee	890	808	82
State Shared Revenues	77,000	82,680	(5,680)
Franchise Fees	1,700	2,480	(780)
License & Permits	1,200	1,052	148
Fines	1,500	2,091	(591)
Interest & Dividends	2,400	1,293	1,107
Hall Rental	3,000	2,125	875
Miscellaneous	<u>943</u>	<u>1,053</u>	<u>(110)</u>
TOTAL REVENUES	\$177,583	\$174,463	\$ 3,120
EXPENDITURES:			
Village Council:			
Salaries	\$ 3,280	\$ 3,240	\$ 40
TOTAL VILLAGE COUNCIL	\$ 3,280	\$ 3,240	\$ 40
Elections:			
Supplies	\$ 600	\$ 127	\$ 473
TOTAL ELECTIONS	\$ 600	\$ 127	\$ 473
Clerk:			
Salaries	\$ 1,800	\$ 1,713	\$ 87
Supplies	718	672	46
Publishing	904	586	318
New Equipment	388	2,117	(1,729)
Other Miscellaneous	<u>560</u>	<u>384</u>	<u>176</u>
TOTAL CLERK	\$ 4,370	\$ 5,472	\$ (1,102)
Treasurer:			
Salaries	\$ 1,800	\$ 1,323	\$ 477
Supplies	1,912	1,911	1
Miscellaneous	1,114	1,050	64
New Equipment	<u>254</u>	<u>254</u>	<u></u>
TOTAL TREASURER	\$ 5,080	\$ 4,538	\$ 542

The accompanying notes are an integral
part of the financial statements.

VILLAGE OF BANCROFT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (CONTINUED)
YEAR ENDED FEBRUARY 29, 2004

	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>
EXPENDITURES:			
Halls:			
Salaries	\$ 1,332	\$ 600	\$ 732
Supplies & Deposits	508	368	140
Utilities & Telephone	3,000	2,690	310
Repairs & Maintenance	<u>3,000</u>	<u>2,665</u>	<u>335</u>
TOTAL HALLS	\$ 7,840	\$ 6,323	\$ 1,517
Police:			
Salary	\$ 29,000	\$ 23,129	\$ 5,871
Training & Uniform	800	455	345
Operating Supplies & Misc.	703	702	1
Communications	1,100	989	111
Transportation	4,620	3,950	670
Membership Fees	<u>500</u>	<u>250</u>	<u>250</u>
TOTAL POLICE	\$ 36,723	\$ 29,475	\$ 7,248
Parks/Recreation Dept:			
Salaries	\$ 1,740	\$ 1,648	\$ 92
Supplies	106	106	-0-
Utilities	200	218	(18)
Restoration	3,900	3,836	64
Activities	<u>1,100</u>	<u>1,095</u>	<u>5</u>
TOTAL PARKS & RECREATION	\$ 7,046	\$ 6,903	\$ 143
Zoning:			
Supplies	<u>\$ 200</u>	<u>\$ 132</u>	<u>\$ 68</u>
TOTAL ZONING	\$ 200	\$ 132	\$ 68
Village Properties:			
Salaries	\$ 17,864	\$ 17,744	\$ 120
Services	2,800	2,800	-0-
Supplies	2,070	2,243	(173)
Utilities & Telephone	12,749	13,144	(395)
Maintenance & Repair	14,909	14,367	542
Equipment Rental	20,000	17,643	2,357
Water Support	<u>4,500</u>	<u>4,500</u>	<u></u>
TOTAL VILLAGE PROPERTIES	\$ 74,892	\$ 72,441	\$ 2,451

The accompanying notes are an integral
part of the financial statements.

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (CONTINUED)
YEAR ENDED FEBRUARY 29, 2004

	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>
EXPENDITURES:			
General Administrative:			
Rubbish Collect	\$ 29,535	\$ 29,535	\$
Worker's Comp. Ins.	2,500	1,223	1,277
Insurance	12,142	5,444	6,698
Payroll Taxes	6,000	6,185	(185)
Disability Insurance	1,300	1,037	263
Health Insurance	2,700	2,801	(101)
Legal & Accounting	5,609	5,710	(101)
New Equipment	15,336	15,335	1
Miscellaneous	<u>178,602</u>	<u>5,073</u>	<u>173,529</u>
TOTAL GENERAL ADMINISTRATIVE	\$ <u>253,724</u>	\$ <u>72,343</u>	\$ <u>181,381</u>
 TOTAL EXPENDITURES	 \$ <u>393,755</u>	 \$ <u>200,994</u>	 \$ <u>192,761</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 \$ (216,172)	 \$ (26,531)	 \$ 189,641
 OTHER FINANCING SOURCES:			
Transfers In	\$ 7,000	\$ 7,000	\$ -0-
Transfers Out	<u> </u>	<u>(71,067)</u>	<u>(71,067)</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	 \$ <u>(209,172)</u>	 \$ (90,598)	 \$ <u>118,574</u>
 Fund Balance March 1, 2003		<u>287,103</u>	
 FUND BALANCE FEBRUARY 29, 2004		<u>\$196,505</u>	

The accompanying notes are an integral
part of the financial statements.

SPECIAL REVENUE FUNDS

MAJOR STREET FUNDS

Major Street Fund is used to receive all Major Street monies paid to the Village by the state, to account for monies received from special tax levies for street improvement purposes, to account for monies received from General Fund contributions and to account for construction, maintenance and other authorized operations to all streets classified as Major Street.

LOCAL STREET FUND

Local Street Fund is used to receive all Local Street monies paid to the Village by the state, to account for monies received from special tax levies for street improvement purposes, to account for monies received from General Fund contributions and to account for construction, maintenance and other authorized operations to all streets classified as Local Street.

VILLAGE OF BANCROFT
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
FEBRUARY 29, 2004

	<u>2004</u>		
	<u>MAJOR STREET FUND</u>	<u>LOCAL STREET FUND</u>	<u>COMBINED</u>
ASSETS:			
Cash in Bank	\$64,546	\$31,044	\$95,590
Due from Other Funds	<u>153</u>	<u>80</u>	<u>233</u>
	<u>\$64,699</u>	<u>\$31,124</u>	<u>\$95,823</u>
LIABILITIES AND FUND BALANCES			
Due to Other Funds	\$ 12	\$	\$ 12
Fund Balance	<u>64,687</u>	<u>31,124</u>	<u>95,811</u>
	<u>\$64,699</u>	<u>\$31,124</u>	<u>\$95,823</u>

The accompanying notes are an integral
part of the financial statements.

VILLAGE OF BANCROFT
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
ALL SPECIAL REVENUE FUNDS
YEAR ENDED FEBRUARY 29, 2004

	<u>2004</u>		
	<u>MAJOR STREET FUND</u>	<u>LOCAL STREET FUND</u>	<u>COMBINED</u>
REVENUES:			
State Revenue Sharing	\$ 42,508	\$ 13,538	\$ 56,046
Interest Income	<u>505</u>	<u>220</u>	<u>725</u>
TOTAL REVENUES	\$ 43,013	\$ 13,758	\$ 56,771
EXPENDITURES:			
Salaries	\$ 7,834	\$ 6,473	\$ 14,307
Operating Supplies	32	32	64
Equipment Rental	11,984	9,816	21,800
Utilities & Telephone	150		150
Repairs	1,863	1,975	3,838
Audit	<u>280</u>	<u>280</u>	<u>560</u>
TOTAL EXPENDITURES	\$ <u>22,143</u>	\$ <u>18,576</u>	\$ <u>40,719</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 20,870	\$ (4,818)	\$ 16,052
OTHER FINANCING SOURCES (USES):			
Transfers In	\$	\$ 81,775	\$ 81,775
Transfers Out	<u>(10,708)</u>	<u>(7,000)</u>	<u>(17,708)</u>
TOTAL OTHER FINANCING SOURCES (USES)	\$ <u>(10,708)</u>	\$ <u>74,775</u>	\$ <u>64,067</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	\$ 10,162	\$ 69,957	\$ 80,119
Fund Balance March 1, 2003	<u>54,525</u>	<u>(38,833)</u>	<u>15,692</u>
FUND BALANCE FEBRUARY 29, 2004	\$ <u>64,687</u>	\$ <u>31,124</u>	\$ <u>95,811</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF BANCROFT
MAJOR STREET FUND
COMPARATIVE BALANCE SHEET
FEBRUARY 29, 2004

ASSETS

	<u>2004</u>
Cash in Bank	\$64,546
Due from Other Funds	<u>153</u>
	<u>\$64,699</u>

LIABILITIES AND FUND BALANCE

Due to Other Funds	\$ 12
Fund Balance	<u>64,687</u>
	<u>\$64,699</u>

The accompanying notes are an integral
part of the financial statements.

VILLAGE OF BANCROFT
MAJOR STREET FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED FEBRUARY 29, 2004

	<u>2004</u>		
	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>
REVENUES:			
State Shares Revenues	\$ 40,500	\$ 42,508	\$ (2,008)
Interest Income	<u>1,200</u>	<u>505</u>	<u>695</u>
TOTAL REVENUES	\$ 41,700	\$ 43,013	\$ (1,313)
EXPENDITURES:			
Salaries	\$ 13,137	\$ 7,834	\$ 5,303
Miscellaneous	625	462	163
Repairs	5,000	1,863	3,137
Street Renewal	55,206		55,206
Equipment Rental	<u>12,000</u>	<u>11,984</u>	<u>16</u>
TOTAL EXPENDITURES	\$ <u>85,968</u>	\$ <u>22,143</u>	\$ <u>63,825</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (42,268)	\$ 20,870	\$ 65,138
OTHER FINANCING USES:			
Transfers Out	(<u>10,125</u>)	(<u>10,708</u>)	<u>(583)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (<u>54,393</u>)	\$ 10,162	\$ <u>64,555</u>
Fund Balance March 1, 2003		<u>54,525</u>	
FUND BALANCE FEBRUARY 29, 2004		\$ <u>64,687</u>	

The accompanying notes are an integral
part of the financial statements.

VILLAGE OF BANCROFT
LOCAL STREET FUND
BALANCE SHEET
FEBRUARY 29, 2004

ASSETS

	<u>2004</u>
Cash in Bank	\$31,044
Due from Other Funds	<u>80</u>
	<u>\$31,124</u>

LIABILITIES AND FUND BALANCE

Fund Balance	<u>\$31,124</u>
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The accompanying notes are an integral
part of the financial statements.

VILLAGE OF BANCROFT
LOCAL STREET FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED FEBRUARY 29, 2004

	<u>2004</u>		
	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>
REVENUES:			
State Shared Revenues	\$ 13,000	\$ 13,538	\$ (538)
Interest Earned	<u>1,000</u>	<u>220</u>	<u>780</u>
TOTAL REVENUES	\$ 14,000	\$ 13,758	\$ 242
EXPENDITURES:			
Salaries	\$ 39,951	\$ 6,473	\$ 3,478
Street Renewal	24,537		24,537
Miscellaneous	325	280	45
Supplies	100	32	68
Repairs	4,500	1,975	2,525
Equipment Rentals	<u>10,000</u>	<u>9,816</u>	<u>184</u>
TOTAL EXPENDITURES	\$ <u>49,413</u>	\$ <u>18,576</u>	\$ <u>30,837</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (35,413)	\$ (4,818)	\$ (30,595)
OTHER FINANCING SOURCES:			
Transfers In	\$	\$ 81,775	\$ (81,775)
Transfers Out	<u>(7,000)</u>	<u>(7,000)</u>	<u> </u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	\$ <u>(42,413)</u>	\$ 69,957	\$ <u>(112,370)</u>
Fund Balance March 1, 2003		<u>(38,833)</u>	
FUND BALANCE FEBRUARY 29, 2004		\$ <u>31,124</u>	

The accompanying notes are an integral
part of the financial statements.

INTERNAL SERVICE FUNDS

EQUIPMENT FUND

Equipment Fund is used to account for intergovernmental charges for operating expenses of equipment of the police and Department of Public Works. Disbursements from this fund pay those various operating expenses. Accumulations of monies in this fund will be used for replacement of such equipment.

VILLAGE OF BANCROFT
EQUIPMENT FUND
BALANCE SHEET
FEBRUARY 29, 2004

ASSETS

	<u>2004</u>
Cash in Bank	\$ 99,147
Prepaid Expenses	998
Fixed Assets (Net of Accumulated Depreciation)	<u>42,406</u>
	<u>\$142,551</u>

LIABILITIES AND RETAINED EARNINGS

Due to other Funds	\$ <u>760</u>
	\$ 760
Retained Earnings	<u>141,791</u>
	<u>\$142,551</u>

The accompanying notes are an integral
part of the financial statements.

VILLAGE OF BANCROFT
EQUIPMENT FUND
STATEMENT OF REVENUES, EXPENDITURES
AND ANALYSIS OF CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED FEBRUARY 29, 2004

	<u>2004</u>		ACTUAL (OVER) UNDER <u>BUDGET</u>
	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	
OPERATING REVENUES:			
Equipment Rentals	\$ 32,100	\$ 45,333	\$ (13,233)
Interest Income	<u>1,500</u>	<u>795</u>	<u>705</u>
TOTAL REVENUES	\$ 33,600	\$ 46,128	\$ (12,528)
OPERATING EXPENSES:			
Salaries	\$ 3,682	\$ 3,682	\$
Gas & Oil	3,494	3,480	14
Operating Supplies	1,876	1,978	(102)
Depreciation		13,372	(13,372)
Repair & Maintenance	5,713	5,444	269
Equipment	7,869	1,287	6,582
Contingencies	118,417		118,417
Interest		150	(150)
Audit	245	245	
Insurance	<u>1,711</u>	<u>1,626</u>	<u>85</u>
TOTAL EXPENSES	\$ <u>143,007</u>	\$ <u>31,264</u>	\$ <u>111,743</u>
NET INCOME (LOSS)	\$ (109,407)	\$ 14,864	\$ (124,271)
OTHER FINANCING SOURCES:			
Transfers In	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENSES	\$ <u>(109,407)</u>	\$ 14,864	\$ <u>(124,271)</u>
Retained Earnings March 1, 2003		<u>126,927</u>	
RETAINED EARNINGS FEBRUARY 29, 2004		<u>\$141,791</u>	

The accompanying notes are an integral
part of the financial statements

VILLAGE OF BANCROFT
EQUIPMENT FUND
STATEMENT OF CASH FLOWS
YEAR ENDED FEBRUARY 29, 2004

CASH FLOWS FROM OPERATING ACTIVITIES:

Net Income (Loss)	\$ 14,864
Increase (Decrease) in Payables	(8,161)
Increase (Decrease) in Prepaid Expenses	(85)
Depreciation	13,372
(Increase) Decrease in Due to/From Other Funds	<u>1,081</u>
NET CASH PROVIDED BY (USED) OPERATING ACTIVITIES	\$ 21,071

CASH FLOW FROM INVESTING ACTIVITIES:

Purchase of Fixed Assets	\$ (31,418)
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CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>109,494</u>
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CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 99,147</u>
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SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash Paid During the Year for:

Interest

\$ 150

The accompanying notes are an integral
part of the financial statements.

ENTERPRISE FUND

Water Fund - To account for the provision of water services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration (utility director), operations, maintenance, financing and related debt service, and billing and collection.

VILLAGE OF BANCROFT
WATER FUND
BALANCE SHEET
FEBRUARY 29, 2004

ASSETS

2004

	<u>OPERATIONS & MAINTENANCE</u>	<u>CONSTRUCTION FUND</u>	<u>TOTAL</u>
CURRENT ASSETS:			
Cash	\$137,336	\$ 25,904	\$163,240
Prepaid Expenses	319		319
Due from General Fund	<u>233</u>		<u>233</u>
TOT CURRENT ASSETS	\$137,888	\$ 25,904	\$163,792
PROPERTY, PLANT & EQUIPMENT:			
Net of Accum. Deprec.	\$ 97,323	\$	\$ 97,323
Construction in Progress		<u>575,225</u>	<u>575,225</u>
	<u>97,323</u>	<u>575,225</u>	<u>672,548</u>
	<u>\$235,211</u>	<u>\$601,129</u>	<u>\$836,340</u>

LIABILITIES AND FUND EQUITY

CURRENT LIABILITIES:

Accounts Payable	\$ 625	\$	\$ 624
Current Portion - Long-Term Debt		6,000	6,000
Due to General Fund	<u>157</u>		<u>157</u>
	\$ 782	\$ 6,000	\$ 6,782

LONG-TERM LIABILITIES:

Bonds Payable		579,000	579,000
Retained Earnings	<u>234,429</u>	<u>16,129</u>	<u>250,559</u>
	<u>\$235,211</u>	<u>\$601,129</u>	<u>\$836,340</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF BANCROFT
WATER FUND
STATEMENT OF REVENUE, EXPENSES
AND RETAINED EARNINGS - BUDGET AND ACTUAL
YEAR ENDED FEBRUARY 29, 2004

	<u>2004</u>		
	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>
OPERATING REVENUES:			
Charges for Services	\$ 60,000	\$ 66,350	\$ (6,350)
Interest Income	2,500	1,352	1,148
Hydrant Rent & Misc.	<u>5,450</u>	<u>6,153</u>	<u>(703)</u>
	\$ 67,950	\$ 73,855	\$ (5,905)
OPERATING EXPENSES:			
Salaries	\$ 17,350	\$ 14,961	\$ 2,389
Operating Supplies	3,000	2,145	855
Repairs & Maintenance	1,788	113	1,675
Equipment Rental	6,712	6,212	500
Contracted Services		9,738	(9,738)
Utilities & Telephone	5,500	3,763	1,737
Audit & Legal	2,769	2,800	(31)
Interest Expense	32,838	27,837	5,001
Insurance	760	1,090	(330)
Depreciation		9,593	(9,593)
System Upgrade	182,925		182,925
Lab Fees	2,200	1,310	890
Miscellaneous	<u>2,891</u>	<u>2,105</u>	<u>786</u>
TOTAL EXPENSES	\$ <u>258,733</u>	\$ <u>81,667</u>	\$ <u>(177,066)</u>
OPERATING INCOME (LOSS)	\$ (190,783)	\$ (7,812)	\$ (182,971)
OTHER FINANCING USES:			
Transfers In	\$	\$ 30,000	\$ (30,000)
Transfers Out	<u> </u>	<u>(30,000)</u>	<u>30,000</u>
NET INCOME (LOSS)	\$ <u>(190,783)</u>	\$ (7,812)	\$ <u>(182,971)</u>
Retained Earnings March 1, 2003		<u>258,371</u>	
RETAINED EARNINGS FEBRUARY 29, 2004		<u>\$250,559</u>	

The accompanying notes are an integral
part of the financial statements.

VILLAGE OF BANCROFT
STATEMENT OF CASH FLOW
WATER FUND
YEAR ENDED FEBRUARY 29, 2004

	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net Income (Loss)	\$ (7,812)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation	9,593
(Increase) Decrease in Prepaid Expenses	543
Increase (Decrease) in Accounts Payable	332
(Increase) Decrease in Due to/from Other Funds	<u>(76)</u>
CASH PROVIDED (USED) FROM OPERATING ACTIVITIES	\$ 2,580
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of Fixed Assets	(38,952)
CASH FLOW FROM FINANCING ACTIVITIES:	
Increase (Decrease) in Bonds Payable	<u>4,000</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (32,372)
Cash and Cash Equivalents Beginning of Year	<u>195,612</u>
CASH AND CASH EQUIVALENTS END OF YEAR	<u>\$163,240</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash Paid During the Year For:	
Interest	<u>\$ 27,837</u>

DISCLOSURE OF ACCOUNTING POLICY:

For purposes of the Statement of Cash Flows, the Village considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

The accompanying notes are an integral part of the financial statements.

GENERAL FIXED ASSET ACCOUNT GROUP

To account for fixed assets not used
in proprietary fund operations.

VILLAGE OF BANCROFT
GENERAL FIXED ASSET ACCOUNT GROUP
BALANCE SHEET
FEBRUARY 29, 2004

	<u>2-28-03</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>2-29-04</u>
Village General Assets	\$ <u>76,910</u>	\$ <u>21,667</u>	\$ <u>-0-</u>	\$ <u>98,577</u>

The accompanying notes are an integral
part of the financial statements.



DEMIS and WENZLICK, P.C.

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Honorable President
and Village Council
Village of Bancroft, Michigan

We have audited the general purpose financial statements of the Village of Bancroft, and its combining and individual fund financial statements as of and for the year ended February 29, 2004, as listed in the foregoing table of contents. These financial statements are the responsibility of the Village of Bancroft management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with generally accepted auditing standards accepted in the United States of America. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Bancroft as of February 29, 2004, and the results of its operations, and the cash flow of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles in the United States of America. Also in our opinion, the combining individual fund and account group financial statements referred to above present fairly, in all material respects, the financial position of the individual fund and account groups of the Village of Bancroft at February 29, 2004 and the results of operations of such funds and cash flows of individual proprietary for the year ended in conformity with generally accepted accounting principles. Our examination was made for the purpose of forming an opinion on the combined financial statements taken as a whole and on the combining and individual fund financial statements.

The accompanying financial information, listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the combined financial statements of the Village of Bancroft. The information has been subjected to the auditing procedures applied in the financial statements of the combined, combining, and individual fund financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

Our report of comments and recommendations has been submitted under date of April 29, 2004.

Dennis and Wengrich, P.C.

Certified Public Accountants

Owosso, Michigan
April 29, 2004